

CENTRAL INTELLIGENCE AGENCY
INFORMATION REPORT

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COUNTRY **East Germany**

REPORT

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1. Export Plan Fulfillment

- a) During the first half of 1955, the export plan was fulfilled in
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|---------------------------------|-------|
| Lignite briquettes by | 99.5% |
| Dry coal (Trockenkohle) by | 108 % |
| Lignite low-temperature coke by | 100 % |
| Pit coal (Steinkohle) by | 113 % |

The nonfulfillment in lignite briquettes was due to the fact that the trade organs (the DIAs) had not obtained enough orders to cover the export obligation of the Production Area for Coal. No difficulties in covering the missing 5% are expected in the second half of 1955.

- b) The export plan for metallurgical products was on the whole fulfilled by 94%. For individual products, fulfillment reached
- | | |
|------|-------------------------|
| 100% | for cast pig iron, |
| 131% | for ferrosilicon, |
| 100% | for ferro-tungsten, and |
| 138% | for ferrophosphorus. |

The plan for ferrochrome was underfulfilled and no deliveries of ferromanganese were made. All efforts are being made to remedy the situation with respect to ferrochrome during the second half of 1955; ferromanganese will in all probability be dropped from the export plan completely.

- c) The export plan for chemicals as a whole was about 105% fulfilled with the Main Administrations meeting their individual plans

Liquid Fuels by	109%
Heavy Chemicals by	104%
General Chemicals by	103%
Plastics by	111% and
Potash and Nonmetallic Ore Mining by about	99%

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Despite these over-fulfillments in the Main Administrations, certain individual quotas were not met and in practically all cases, the failure was due to the fact that the trading organs had not obtained enough export orders. Thus, only 24 of the 69 most important items were completely covered with export orders during the first half of 1955. Despite this situation, the Production Area for Chemicals managed to fulfill and even overfulfill its plan for 41 of these 69 most important items. Some export orders, on the other hand, were not filled due to production difficulties. This applied particularly to crude potassium salt, potash products, photographic paper, movie film, lithophone and formic acid.

2. Import Plan Fulfillment

a) The situation with respect to imports was more unfavorable. During the first half of 1955, import plans were fulfilled in

Pit coal by	104.8%
Anthracite by	105 %
Pit coal coke by	103.2% (of which
metallurgical coke achieved a fulfillment of	101 %)

Although there was an over-fulfillment in all coal products, it should be noted that deliveries were not systematic - over-deliveries during the second quarter of 1955 followed under-deliveries during the first - and in practically all products, deliveries did not adhere strictly to specifications. Thus more steam coal (Flammkohle) than coking coal (Kokskohle) arrived, while not a single ton of metallurgical coke was imported. Similarly, the quality of the pit coal coke varied considerably and caused difficulties in the production enterprises. Crude lignite imports were only 92% fulfilled due to the breakdown of the turbine at Hirschfelde.

b) The import plan for rolled steel products (Walssorteneisen) was 94.4% fulfilled but when analyzed with respect to individual products, the actual fulfillment was even more unfavorable. Excess deliveries were made in products for which East Germany itself has over-production possibilities and under-fulfillment existed in shortage areas, for example, high-grade bar steel, drawn plate, deep-drawn sheets, thin sheets from 0.9 - 3 mm in thickness and thin sheets under 0.9 mm in thickness, as well as cold-rolled strip (Kaltband).

c) Non-ferrous metal imports were 89.1% fulfilled (although, deducting the substantial over-fulfillment in aluminum, the percentage drops to 84%.) The under-fulfillment of copper, lead, zinc and nickel deliveries caused not only difficulties in production but even production breakdowns in some processing enterprises, particularly in Hettstedt, Groeditz and Doehlen.

d) The chemicals import plan was only 94% fulfilled in the first half of 1955.

Crude phosphate by	38.2%
Borax by	42 %
Sugarphosphate by	78 %
Lithophone by	0 %
Red lead (Bleimennige) by	75.9%
Iron oxide by	68.2%
Blanc fixe (Blankfix) by	64.9%
Lead monoxide (Bleiglaette) by	24.1%
Photographic gelatine by	67.7%

In order to alleviate difficulties and avoid production breakdown, negotiations were held with the Ministry for Foreign and Domestic Trade, with the DIAs, and with Chemiepha to arrange for special, urgently needed imports. Thus, a quantity of borax, a large supply of natural rubber and a whole series of other items were obtained for the paint industry through Chemiepha.

3. Summary

The Ministry for Heavy Industry anticipates being able to fulfill its 1955 export plan by 100% at the end of the year, but has no such high hopes for the import plan. A considerable number of products will most probably not be imported in the quantity planned. Although since the beginning of August 1955, almost 800 tons of metallurgical and refined zinc (Feinzink) have arrived in East Germany and the planned exports are 100% covered, there are still difficulties with nickel which have not been resolved. The Ministry is in constant contact with the DIAs and with the Ministry for Foreign and Domestic Trade and is attempting to secure the remaining imports so that its enterprises will be able to meet their production plans.

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1. Comments: VEB Stahl- und Walzwerk Hettstedt, VEB Stahl- und Walzwerk Groeditz, VEB Edelstahlwerk Doehlen.

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